



ALAN LeBOVIDGE  
CHAIRMAN

*The Commonwealth of Massachusetts*  
*Springfield Finance Control Board*  
436 Dwight Street  
Springfield, MA 01103

April 15, 2005

Eric Kriss, Secretary  
Executive Office for Administration and Finance  
The Commonwealth of Massachusetts  
State House, Room 373  
Boston, MA 02133

The Honorable Therese Murray, Chair  
Senate Committee on Ways and Means  
Commonwealth of Massachusetts  
State House, Room 212  
Boston, MA 02133

The Honorable Robert A. DeLeo, Chair  
House Committee on Ways and Means  
Commonwealth of Massachusetts  
State House, Room 243  
Boston, MA 02133

Dear Secretary Kriss, Chairperson Murray and Chairperson DeLeo:

This Report shall, pursuant to section 2 and 9(a) of Chapter 169 of the Acts of 2004 (the Act), update the legislature on the activities and expenses of the Springfield Finance Control Board since its last report dated January 31, 2005.

During the past 90 days, the Board has completed a number of tasks that were identified as crucial to the ongoing mission to restore Springfield's financial health. The Board also continues in its commitment to encourage fiscal responsibility and accountability. In order to achieve the aforementioned results, the Board has taken the following specific steps.

1. Undertaken the following financial actions:

- Entered into a contract with JER Revenue Services of North Haven, CT to collect delinquent property taxes totaling \$41.5 million.
- Entered into a contract with Automatic Data Processing (ADP) of Roseland, NJ to automate and combine payroll services for City and school operations.

2. Undertaken the following operational actions:

- The City's 27 departments have been reorganized into 11 divisions, thereby streamlining operations and reducing the number of mayoral reports.
- Selected Infrastructure Management Group (IMG) of Bethesda, MD to perform an assessment of the efficiency, organization and operation of Springfield's on-street and off-street parking services, which currently are not coordinated with one another.

- Retained the services of Public Financial Management (PFM) of Boston, MA to review and develop a plan for the School Department's capital needs, and to examine the efficiency and effectiveness of the School Department's business and support services.
- Retained the services of Matrix Consulting of Shrewsbury, MA to evaluate the efficiency, organization and operation of the Department of Public Works.

3. Undertaken the following personnel actions:

- Maintained the wage freezes for all City employees for FY05 saving \$5.6 million.
- Implemented a new health plan design with Cigna that went into effect on April 1, 2005. This plan will save the City \$11.2 million in FY06 and save the employees \$3.8 million in premiums.
- Completed Medicare enrollments for the City's 2,900 Medicare-eligible retirees.
- Obtained consulting services to review and provide advice on the best management practices for the City's health insurance trust fund.
- Hired a new Insurance Director who is implementing appropriate procedures and controls in the processing of insurance payments and enrollment transactions as well as insuring HIPPA compliance.
- Proposed a merit-based contract for Springfield teachers that is currently in negotiations.
- Sought consulting services for a review of the functions, responsibilities and salaries of all non-bargaining unit positions.

I would also like to report on the ways that several different State agencies are assisting the Control Board and the City in its mission in various areas. For example:

#### **Public Safety**

Thanks to the efforts of the Secretary of Public Safety, Edward Flynn, Operation Safe Springfield began on March 19<sup>th</sup> with the addition of 10 state police officers. These officers have been deployed in high crime neighborhoods. To date, the state police working with the Springfield Police Department, have made over 376 arrests. The program is funded by \$500,000 in state funds and will run for five months. In addition to this program, over the next two years Springfield will be receiving \$900,000 from the State to fund city police overtime.

A study of the Springfield Police Department which began in February will be completed by the end of May. A study of the Springfield Fire Department will begin later this month and will be completed within the next four months.

#### **Economic Development**

Earlier last month, Douglas Foy, Secretary of Commonwealth Development, and Robert Culver, Executive Director of MassDevelopment, came to Springfield to meet with Mayor Ryan, Control Board staff, and later, City residents to discuss Springfield's needs, challenges and opportunities and to strategize around common opportunities. One of our goals is to develop a specific action plan to tear down blighted houses in the various neighborhoods and to put them back in the hands of taxpaying citizens.

### State Ethics Commission

Carol Carson, a representative from the Communications and Public Education Division of the Massachusetts State Ethics Commission, presented a conflict of interest law seminar to all department heads and deputy heads this month. The goal of this seminar is for the City's management team to avoid potential conflicts of interest and to promote everyone's understanding of ethical behavior and adherence to state law in these matters.

### Control Board Expenditures

Details of the expenditures of the Board for the 3<sup>rd</sup> quarter 2005 are shown in the table below. This table reflects expenses processed through the Commonwealth's account system.

#### Springfield Financial Control Board Expenditures 3<sup>rd</sup> QTR FY05

Personnel Services	\$ 68,221.31
Equipment & Administrative	\$ 25,443.00
Contracted Services	\$ 225,289.46
<b>Total</b>	<b>\$ 318,953.77</b>

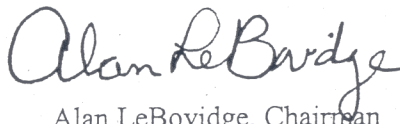
We continue to report substantive progress in addressing the City of Springfield's immediate fiscal crisis, yet we do project that there will be a deficit at the end of this fiscal year and that much more will need to be done to remedy the fiscal crisis that has overtaken the State's third largest city and the economic engine of Western Massachusetts.

One of our most important tasks is the development of an FY06 operating budget. It will be a performance and outcome-based budget. For the first time, there will be in print, for all citizens to see, a relationship between taxpayer funds and municipal services.

At this time, we project the City's FY05 year-end deficit to be \$21 million. Also during this quarter, the City borrowed \$36 million from the trust fund for cash flow purposes. These funds have been paid back as of April 12<sup>th</sup>. At the end of the current fiscal year, it is anticipated that the City will have an estimated loan balance of \$21 million that will have to be repaid beginning in 2008. Additional borrowings from the trust fund may be needed in fiscal 2006 and 2007.

Please feel free to contact me if you should have any questions or concerns.

Sincerely yours,



Alan LeBovidge, Chairman  
Springfield Finance Control Board

cc: Finance Control Board Member